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Date: 3-11-99

March 11, 1999

Honorable Secretary Bruce Babbitt
U.S. Department of the Interior
1849C Street, NW
Washington, DC 20240

Honorable Secretary Mary Nichols
California Resources Agency
1416 Ninth Street
Sacramento, CA 95814

Dear Secretary Babbitt and Secretary Nichols:

We are writing to request a meeting with both of you at your earliest possible convenience regarding a water management issue that appears to be heading for a major eruption in the next month. This conflict - which we believe you will agree is a needless one - could jeopardize our ability to build on the progress made, (with the assistance of both of your administrations), in CalFed's recently released "Phase II" report.

You will recall that the major turning point in state/federal relations with regard to solving water problems came with the signing of the Bay-Delta Accord in December 1994. In addition to creating a constructive forum and approach for collaborative problem solving, the Accord gave an important assurance to water users in providing for "no net loss" in water supplies beyond a specific amount to protect Delta fisheries. Water users agreed to provide 1.1 million acre-feet for Delta fish and wildlife purposes in exchange for certainty in their remaining supplies. Water users were assured that no additional water would be taken from them, and if for some reason more water was required, it would be purchased from willing sellers. The question now is whether the federal government still remains committed to solving Bay-Delta problems without taking any further supplies away from water users.

Shortly after adoption of the Accord, the Interior Department began a lengthy process to determine how to implement the so-called "B2" provision of the Central Valley Project Improvement Act, which dedicates up to 800,000 acre-feet of CVP yield for fish protection purposes. In its November 20, 1997, administrative proposal, the Department proposed to implement up to eight fish protection measures in addition to those specified by the Accord, but to mitigate the supply and operational impacts those measures would impose by implementing a series of "toolbox" measures. In addition, the Department made similar "no net loss" commitments in the San Joaquin River Agreement.

The issue at hand is whether the Department of Interior remains committed this year to implement the tools necessary to address impacts that CVPIA fish measures will likely have on both the CVP and State Water Project. These impacts include not only reductions in supply, but operational impacts related to the ability to maintain water levels in San Luis Reservoir. Due to the physical location of intakes, water users in Santa Clara and San Benito Counties (including the major urban industrial area known as "Silicon Valley") are the first to go offline if water levels in San Luis Reservoir drop too low in August. Without implementation of appropriate tools to offset fish measures, there is potential that this interruption in service could occur.

Honorable Secretary Bruce Babbitt
Honorable Secretary Mary Nichols
March 11, 1999
Page 2

Until recently, we believed that the Department did in fact remain committed to pursuing options on water purchases that could be executed if it does turn out that supply and operational impacts result as forecasted from implementation of the additional fish measures. We have growing concerns about that commitment as a result of: lack of closure to tool implementation; lack of closure to funding mechanisms; Fish & Wildlife announced intentions to abandon the development of a 1999 demonstration project for the Environmental Water Account (EWA); short time frame we have to come to closure on these issues (April 15).


It is critical to the continued success of CalFed that both the federal and state administrations re-affirm the commitment they made under the Accord that any additional water provided to the environment be provided on a no net loss basis to water supplies. Such a commitment is needed if we plan to have closure before April 15, when the next round of fish measures is scheduled to be implemented. We are deeply concerned about the handling of this matter. To us, the issue is not just the immediate conflict over the "B2" water. Rather, it is a question of whether your administrations remain committed to the spirit of the Accord, which is designed to address ecosystem problems while providing a significant degree of certainty to water users, and the policy agreements reached in CalFed's Phase II Report regarding continuous improvement in water supply, water quality, and ecosystem conditions.

CalFed's success depends on resolution of this issue, and as such, calls for your immediate personal attention. We respectfully request an opportunity to meet with both of you as soon as possible to discuss the situation. We will be calling you shortly to arrange a meeting.

Sincerely,



Thomas N. Clark
Kern County Water Agency



Timothy H. Quinn
Metropolitan Water District of
Southern California



Jason Peltier
Central Valley Project



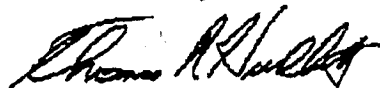
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